

REDACTED



GMX001- CRFM  
Generic cost brea...

-----Original Message-----

From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Friday, November 09, 2007 11:55 AM  
To: Conley, Greg R.  
Cc: McLean, Douglas L.  
Subject: FW: Delphi Purchase Order

Greg,

We have previously reviewed these points (I have attached the email below your request)  
- Your response was that you claimed our manpower was overstated and that is determined by our operations team. Speak with Matt Futkos as he can substantiate the information below. Automodular cannot support a quote that was submitted in 2003 for a different scope of work.

Jessica Anthony  
Contract Administrator - Business Development Automodular Corporation  
Tel: (905) 665-0060 x. 155  
Cell: (905)213-9718  
Fax: (905)665-8560

"As a world class Assembly and Sequencing operation, we will meet or exceed our customer's expectations and be competitive through continuous improvement. Our goal is zero defects."

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From: Conley, Greg R. [mailto:Gregory.R.Conley@delphi.com]  
Sent: Thursday, November 08, 2007 5:02 PM  
To: Jessica Anthony  
Subject: FW: Delphi Purchase Order

Jessica,  
If you look at the first file, Travis quotes Redacted with 2 shift operation at 268K annual volume. That's where we are today isn't it? I believe we will actually be higher than the 268k. Why are your quotes now in the Redacted range? What can you provide to support this? Am I missing something here?

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From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Wed 6/20/2007 9:28 AM  
To: McLean, Douglas L.  
Cc: Conley, Greg R.  
Subject: RE: Delphi Purchase Order

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Doug,

I have reviewed Greg's analysis below and determined the following.

Currently we are operating with 8.83 operators per day; 2 assembly (2 shifts), 1 indirect servicing the line (2 shifts), 0.88 indirect/2 shifts unload and load materials, plus third shift requirements as stated.

Following Greg's analysis we are currently working with Redacted units  
per day (120,515 units to end of May (per below)/105 production days) = Redacted  
Redacted

Secondly, regarding the fixed issue 44.6% (235 production days per year, 105 production days Jan to May) of production is completed by end of May. Based on quoted 300,800 units Automodular should have satisfied 44.6% of that (134,157 units) by the end of May. That being said, based on your year to date production numbers we are 10.2% below where we anticipated to be.

We have reviewed this issue internally on many levels, please let me know if you wish to discuss this in more detail.

Jessica Anthony

Contract Administrator - Business Development

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From: McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
Sent: Friday, June 15, 2007 3:23 PM  
To: Jessica Anthony  
Cc: Conley, Greg R.  
Subject: FW: Delphi Purchase Order

Below is Greg Conley assessment of the shifts costs.

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From: Conley, Greg R.  
Sent: Tuesday, June 05, 2007 1:27 PM  
To: McLean, Douglas L.  
Cc: Eglin, Marc A  
Subject: RE: Delphi Purchase Order

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Doug, Automodular is confusing the situation by just focusing on number of shifts. A more accurate approach would be looking at labor costs and fixed costs separately.. Regardless of the numbers, all suppliers including Delphi are expected to flex when volumes go up or down.

In the original quote Automodular had a total of 3 operators over 3 shifts for a total of 9, in their current scenario they have 3 operators on 2 shifts and work an additional 7.5 man hours on the 3rd shift. These operators are then utilized on other business with the assembly plant so they do not have to be paid for on the CRFM business.. If you look at manpower cost the business was quoted at approx Redacted divided by Redacted man hours (9 operators) would be Redacted units/ man hour of cost vs today's Redacted divided by 55.5 man hours Redacted (Redacted) would be Redacted units per man hour of cost. In addition, they do not have the cost of a supervisor on the third shift since it is such a small staff (6 people). They are at least as well off as the original quote maybe better off.

The second piece would be fixed costs that get paid for by number of pieces shipped. , The contract states 300,800 units per year which if we take simple math Redacted of that would be Redacted , according to Paul Hennessy we have shipped 120,515 units through May of this year. That is only Redacted units short and only Redacted which is certainly within normal variation.

I do not understand what they are using for a basis to raise the price.  
But as I said above, regardless, we all are expected to flex with volume.

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From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Monday, June 04, 2007 3:23 PM  
To: McLean, Douglas L.  
Cc: Conley, Greg R.; Eglin, Marc A; Chris Dell  
Subject: RE: Delphi Purchase Order

Doug,

Initially when this contract was negotiated it was based on 2 shifts pricing, and then Automodular was requested to submit 3 shift pricing which we have working under for the past few years. The current pricing that we are being paid is based on our 3 shift submission, and although the PO does not explicitly say "based on 3 shift" ; all of our correspondence leading to the PO (including our quote for the business) per Travis Doyle, Doug Thedford and Greg Conley make note that this price is for 3 shift operations. (I am gathering a package of supporting correspondence for your review). Our submission for 2 shift pricing is not an "unsolicited quote" but a change in scope of the work. The assumptions for which the pricing was based have changed, and therefore an amendment to the price is warranted. Delphi has been informed since the RFQ was received that there would be a difference in price from 2 to 3 shift operations.

Jessica Anthony

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Fax: (905) 665-8560

From: McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
Sent: Monday, June 04, 2007 10:42 AM  
To: Jessica Anthony  
Cc: Conley, Greg R.; Eglin, Marc A  
Subject: RE: Delphi Purchase Order

Our contract states that we will purchase 100% of our requirements for each part number. As far as negotiating an equitable price adjustment all I have received is a quote that unsolicited. I would assume as with most of my suppliers that a sales person would come personally to discuss the contract. If you can show me a contract that states the pricing was based on the number of shifts then I can address the problem.

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From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Monday, June 04, 2007 10:28 AM  
To: McLean, Douglas L.  
Cc: Chris Dell  
Subject: RE: Delphi Purchase Order  
Importance: High

Doug,

"On July 1st, 2006, Lordstown assembly went to 2 shifts from 3 shifts. In accordance with our contract with you, we continued to perform the work while taking steps to negotiate an equitable price adjustment. On July 19th, 2006, we provided Delphi with our revised price to reflect the change in scope of work. Delphi [did not reply] [refused to discuss the scope change price adjustment] and continues to remit funds based on 3 shift pricing. Our 2 shift price applies to all work since the change in scope. We remain open to negotiate an equitable price adjustment if Delphi is of the view that our 2 shift price is inequitable."

-Michael Blair (President, CEO Automodular Corporation)

Please feel free to contact me with any questions you may have on the above statement. I have also included for you Automodular Assemblies 2003 accepted pricing submission, which clearly states "based on 3 shift operation" throughout.

Thanks.

Jessica Anthony

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Automodular Corporation

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From: McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
Sent: Friday, June 01, 2007 3:00 PM  
To: Jessica Anthony  
Subject: RE: Delphi Purchase Order

`This quote was a unsolicited quote that has never been accepted.

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From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Friday, June 01, 2007 2:35 PM  
To: McLean, Douglas L.  
Subject: FW: Delphi Purchase Order  
Importance: High

Doug,

These po's do not reflect the current 2 shift pricing. Please make the required amendment and forward copies to my attention.

Jessica Anthony  
Contract Administrator - Business Development  
Automodular Corporation  
Tel: (905) 665-0060 x. 155  
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Fax: (905) 665-8560

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From: McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
Sent: Friday, June 01, 2007 2:05 PM  
To: Jessica Anthony  
Subject: RE: Missing Purchase orders

Attached are the purchase orders that you requested.

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From: Jessica Anthony [mailto:J.Anthony@automodular.net]  
Sent: Friday, June 01, 2007 11:18 AM  
To: McLean, Douglas L.  
Subject: Missing Purchase orders

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Goodmorning,

Further to the voicemail message that I left for you this morning, Automodular is currently being paid on 4 PO's that we have not received copies of. Could you please forward me a copy either by fax or email.  
The missing PO's are as follows:

DO550162897,898,899 & 900

Please let me know if there are any problems.

Thanks.

Jessica Anthony

Contract Administrator - Business Development

Automodular Corporation

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Commodity	Total Associate Labour Cost Include Burden \$	No. Of Associates	Annual Direct Labor Cost Include Burden \$	No. of Direct Employ-ees	Annual Indirect Labor Cost Include Burden \$
GMX001 DELPHI CONTRACT	\$ 378,539	8.83	\$ 192,914	4.50	\$ 185,626
	\$ -		\$ -	-	\$ -
	\$ -		\$ -	-	\$ -
	\$ -		\$ -	-	\$ -
TOTAL	\$ 378,539	8.83	\$ 192,914	4.50	\$ 185,626
AVG COST PER UNIT			\$ 42,870		\$ 42,870
AVG COST PER HOUR			\$ 23		\$ 23
% OF TOTAL					

Note: Annual numbers are averaged over the period of the contract.

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No. of Indirect Employ-ees	Annual Salary Labor Cost Include Burden \$	No. of Salary Employ-ees	Total Annual Labor Cost \$	Annual Manufact-uring Expense \$	Annual Freight Cost \$	Square Footage Required
4.33	\$ 209,607	2.21	\$ 588,147	\$ 238,627	\$ -	15,000
-	\$ -	-	\$ -	\$ -	\$ -	-
-	\$ -	-	\$ -	\$ -	\$ -	-
-	\$ -	-	\$ -	\$ -	\$ -	-
4.33	\$ 209,607	2.21	\$ 588,147	\$ 238,627	\$ -	15,000
	\$ 94,952					
	\$ 46					

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Price per Square Foot \$	Annual Square Footage Charge \$	Sub-Total \$	SG & A \$	Profit \$	%NSB	Total Annual Price \$
\$ 13.04	\$ 195,551	\$ 1,022,325	\$ 118,577	\$ 126,726	10.00%	\$ 1,267,629
\$ 13.04	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
\$ 13.04	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
\$ 13.04	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
\$ 13.04	\$ 195,551	\$ 1,022,325	\$ 118,577	\$ 126,726	10.00%	\$ 1,267,629
			19.35%			

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Annual Volume	Total Piece Price \$
234,720	\$ 5.4006
-	\$ -
-	\$ -
-	\$ -
234,720	\$ 5.4006